Schedule A

TRANSFER INFORMATION

Deal	Bank	Routing #	Lockbox Acct	Payment
GT 1996	Wilmington Trust	ABA: 031 100 092	2717-6925	$0.00
WTC-Policy 1	Wilmington Trust	ABA: 031 100 092	2799-9840	$240,551.18
WTC-Policy 6	Wilmington Trust	ABA: 031 100 092	2799-9840	$18,931.24
PNC-Policy 7	PNC Bank	ABA: 031 100 089	5603800616	$400,357.13
GT 2000-1	PNC Bank	ABA: 031 100 089	5603260429	$466,050.10
GT 2000-2	PNC Bank	ABA: 031 100 089	5603533984	$643,377.85
GT 2000-3	PNC Bank	ABA: 031 100 089	5603798763	$581,775.02
GT 2000-4	PNC Bank	ABA: 031 100 089	5603799248	$342,558.09
GT 2001-1	PNC Bank	ABA: 031 100 089	5603800149	$665,383.41
GT 2001-2	PNC Bank	ABA: 031 100 089	5605011071	$543,072.42
GT 2001-3	PNC Bank	ABA: 031 100 089	5605011469	$983,901.37
Owners Trust 2001-a	PNC Bank	ABA: 031 100 089	5605011303	$1,259,229.85
				$6,145,187.66

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EXHIBIT D

AMENDED AND RESTATED
SECURED PROMISSORY NOTE

$12,302,150.88

Wilmington, DE
April 29, 2002

FOR VALUE RECEIVED, Student Finance Corporation, a Pennsylvania corporation (the "Obligor"), with offices at 170 Lukens Drive, New Castle, Delaware, 19720, hereby promises to pay on demand to the order of **Royal Indemnity Company**, a Delaware insurance company ("Holder"), at its address at 11111 Carmel Commons Blvd., Charlotte, NC 28226 or at such other place as Holder may designate from time to time in writing, the principal amount of **TWELVE MILLION THREE HUNDRED TWO THOUSAND ONE HUNDRED FIFTY DOLLARS AND EIGHTY EIGHT CENTS (US$12,302,150.88)]** (the "Principal Amount") in lawful money of the United States of America, together with interest thereon, payable in accordance with the terms hereof, as hereinafter provided.

This Amended and Restated Secured Promissory Note (the "Note") supersedes and constitutes the amendment, restatement, renewal and modification of the Secured Promissory Note in the original principal amount of $6,145,187.66 dated March 28, 2002 by Obligor executed in favor of Holder (the "Original Note"). This Note, shall, for all purposes, be deemed the "Note" in connection with any of the documents executed and delivered in connection with or pursuant to the Original Note. The execution and delivery of this Note shall not in any circumstances be deemed to have terminated, extinguished, released or discharged the Obligor's indebtedness under the Original Note, which indebtedness shall continue under and be governed by this Note, the Pledge (as defined herein) and the other Loan Documents (as defined herein), and shall continue to be secured by the collateral for the Original Note.

1. Loan.

(a) Advances. Six Million One Hundred Forty Five One Hundred Eighty Seven Dollars and Sixty Six Cents ($6,145,187.66) of the proceeds of the loan evidenced by this Note (the "Loan") was advanced to the Obligor on March 28, 2002 (the "March Advance"). The remaining Six Million One Hundred Fifty Six Thousand Nine Hundred Sixty Three Dollars and Twenty Two Cents ($6,156,963.22) of the proceeds of the loan shall be advanced by the Holder to Obligor on the date hereof (the "April Advance").

(b) Loan. The proceeds of the March Advance have been used by the Obligor to fund transfers in amounts and to accounts as set forth in Schedule A attached to the Original Note. The proceeds of the April Advance shall be used by the Obligor to fund transfers in such amounts and to such accounts as described on Schedule A attached hereto. Upon the execution and delivery of this Note, the Obligor irrevocably authorizes and instructs Holder to disburse on behalf of the Obligor all of the proceeds of the April Advance in the amounts and to the accounts set forth in Schedule A attached hereto.

(c) Payments. The Principal Amount, together with any and all costs, fees, expenses and accrued interest then outstanding, shall be due and payable in full on the earliest to occur of: (i) Holder's demand for payment hereunder, (ii) April 30, 2007, or (iii) such

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date that the indebtedness owing hereunder becomes due and payable pursuant to Section 8 hereof (such earliest date, the "Maturity Date"). Obligor may prepay all of any portion of this Note at any time and from time to time. All such prepayments shall be applied first, to accrued and unpaid costs, fees, expenses and interest, and the balance to principal.

(d) No Waiver by the Holder. The Loan is not a payment by the Holder under any insurance policies or made pursuant to any pre-existing agreement or in satisfaction of any alleged obligation. The obligations of the Obligor under this Note are wholly indepandent and are not subject ot offset. The Loan, as well as any past or future advance of any other funds by the Holder to the Obligor shall not prejudice in any way any rights, claims or defenses of the Holder, including any rights, claims and defenses with respect to (i) any insurance policies or pre-existing agreements; and (ii) coverage under any insurance policies. It is the express intent of the Holder and the Obligor that the Holder reserves and does not waive any rights, claims and defenses it may have against the Obligor.

2. Interest. Interest shall accrue on amounts outstanding under each of the March Advance and the April Advance from the date such advance was made until the Maturity Date at a rate equal to ten percent (10%) per annum. The interest owing hereunder shall be calculated for the actual days elapsed on the basis of a 360-day year. In the absence of a demand for payment hereunder, interest shall be payable monthly on the first Business Day of each month, commencing on the first Business Day of the month following the date of this Note, and continuing on the first Business Day of each month thereafter until all amounts outstanding hereunder have been fully paid. Upon the occurrence and during the continuation of an Event of Default hereunder (as defined in Section 7 below), all amounts outstanding shall thereafter bear interest at an interest rate equal to eighteen percent (18%) per annum (the "Default Interest Rate"). The Default Interest Rate shall also apply after maturity and judgment. As used herein, the term "Business Day" shall mean any day not a Saturday, Sunday or public holiday under the laws of the State of Delaware or the laws of the United States of America.

3. Security.

(a) Grant of Security Interest. Obligor shall amend the SFC Grantor Trust Interest-Only Certificates Pledge and Security Agreement, dated as of June 19, 2001, as amended by Amendment No. 1 dated March 28, 2002, between Obligor, as Pledgor, in favor of Wells Fargo Bank Minnesota, National Association, as Collateral Agent for Holder (the "Collateral Agent (the "Pledge"), such that the Pledged Collateral (as such term is defined in each Pledge), in addition to the indebtedness currently secured thereby, shall also secure all of Obligor's obligations and liabilities to Holder owing under or with respect to the Loan (all of such indebtedness currently secured by the Pledged Collateral, as well as all of Obligor's obligations and liabilities owing to Holder under or with respect to the Loan, being herein called the "Liabilities").

(b) Obligor shall amend the SFC Grantor Trust Interest-Only Certificates Pledge and Security Agreement, dated as of June 19, 2001, between Obligor, as Pledgor, in favor of Wells Fargo Bank Minnesota, National Association, as Collateral Agent for Holder (the "Collateral Agent (the "Pledge").

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(c) The liens and security interests of the Collateral Agent in the Pledged Collateral shall be first priority perfected liens and security interests, subject to no liens, encumbrances or security interests of any kind except in favor of the Collateral Agent as security for the Liabilities, and may be retained by the Collateral Agent for the benefit of Holder until all of the Liabilities have been indefeasibly paid and satisfied in full.

4. Representations and Warranties. Obligor represents and warrants that:

(a) Organization; Authority. Obligor is a corporation duly organized, validly existing and in good standing under the laws of Pennsylvania, is qualified to conduct business in all applicable jurisdictions, and Obligor knows of no facts which would prevent it from being in good standing in those jurisdictions. Obligor has the necessary power and authority to enter into and perform its obligations under this Note and the other Loan Documents (as defined in Section 6 below) and all other documents required by Holder in connection with the Loan. The execution and performance of the Loan Documents have been duly authorized by all necessary proceedings on the part of Obligor, and, upon their execution and delivery, they will be valid, binding, and enforceable in accordance with their terms.

(b) No Violation. Obligor's execution and performance of this Note and the other Loan Documents do not and will not violate any orders, laws or regulations applicable to Obligor, any organizational documents of Obligor, or any instruments, indentures or agreements (including any provisions pertaining to assignment of contracts or subordinated debt) to which Obligor is a party or by which Obligor, or Obligor's properties, are bound; and all consents and approvals, if any, required in connection with this Note and the other Loan Documents have been obtained and are in full force and effect.

(c) Use of Proceeds. All of the proceeds of the Loan (i) shall solely be used to fund transfers in such amounts and to such accounts as described on Schedule A attached to the Original Note and Schedule A attached hereto and (ii) at no time shall be used to make transfers or advances to Student Loan Servicing, LCC ("SLS"). None of the proceeds of the Loan, nor any previous payments made by or on behalf of the Obligor or any other party, shall be deemed advances made by or on behalf of SLS under any of its agreements for the servicing, management and administration of student loan portfolios.

(d) Suits. There are no actions, suits, proceedings, or claims pending or threatened against Obligor or any of its property which, if adversely determined, is likely to have a material adverse effect on Obligor or its operations or financial condition; and Obligor's business is in compliance with all applicable orders, laws and regulations.

(e) Defaults. Neither Obligor's execution of nor performance under this Note or the other Loan Documents will create a default or any lien or encumbrance under any agreement, indenture or instrument to which Obligor is a party or by which Obligor or any of its properties is bound other than a lien or encumbrance in favor of Holder.

(f) Tax Returns and Taxes. Obligor has filed all federal, state and local tax returns required to be filed and has paid all taxes, assessments and governmental charges and levies thereon, including interest and penalties, except where the same are being

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contested in good faith by appropriate proceedings and for which adequate reserves have been set aside in accordance with generally accepted accounting principles in effect in the United States from time to time ("GAAP"), and no liens for taxes have been filed and no claims have been assessed by a governmental authority with respect to any taxes. The charges, accruals and reserves on the books of Obligor with respect to taxes or other governmental charges are adequate.

(g) Compliance with Laws. Obligor has complied in all material respects with all requirements of foreign, federal, state and local law in connection with the acquisition, ownership and operation of Obligor's business and property, including, without limitation, any and all applicable requirements of environmental protection laws other than those the failure to comply with which is not likely to have a material adverse effect on Obligor or its properties or on Obligor's operations or financial condition.

(h) Place of Business, Chief Executive Office; Locations of Pledged Collateral; Jurisdiction of Organization. The principal place of business or chief executive office of Obligor is located at the address set forth at the beginning of this Note or at the location(s) hereafter disclosed to Holder pursuant to Section 5(b) hereof. The jurisdiction of organization of Obligor is the jurisdiction set forth at the beginning of this Note or the jurisdiction(s) hereafter disclosed to Holder pursuant to Section 5(b) hereof.

(i) Location of Books and Records. Obligor maintains its books and records at its address set forth at the beginning of this Note or at the location(s) hereafter disclosed to Holder pursuant to Section 5(b) hereof.

(j) Obligor is Sole Owner of Pledged Collateral. Obligor is the sole owner of the Pledged Collateral, holding good and marketable title thereto, free from any lien, security interest, encumbrance, or claim (including without limitation, claims by or against any previous owner or holder of any right, title or interest in the Pledged Collateral or any portion thereof) or contractual or other right other than the liens and encumbrances of the Collateral Agent for the benefit of Holder and has the right to grant the security interests created by the Pledge and this Note.

(k) Materially Misleading Statements. No representation, warranty, or statement made herein or any of the other Loan Documents, on any Schedule hereto or thereto or in any certificate or document furnished or to be furnished pursuant hereto or any of the other Loan Documents contains or will contain any untrue statement of a material fact or omits or will omit any material fact necessary to make it not misleading.

5. Covenants. Obligor hereby covenants and agrees that for as long as any Liabilities are outstanding:

(a) Defense of Pledged Collateral. Obligor shall defend the Pledged Collateral against all claims and demands of all persons or entities at any time claiming any interest therein other than the Collateral Agent for the benefit of Holder.

(b) Notice of Changes in Location of Chief Executive Offices, Jurisdiction of Organization, Books and Records, Pledged Collateral. Obligor shall provide

Holder with prompt written notice of any intended change in its chief executive office, its jurisdiction of organization, and/or the office where it maintains its books and records at least, in the case of any intended change in its chief executive office and/or the office where it maintains its books and records, five (5) days prior to the effective date of any such change, and, in the case of its jurisdiction of organization, at least thirty (30) days prior to the effective date of any such change, and, within such period, Obligor shall execute and deliver such documents as Holder or the Collateral Agent shall reasonably request to continue the first priority perfected lien and security interest in the Pledged Collateral that secures the Liabilities.

(c) Prompt Payment of Taxes; Delivery to Holder of Proof of Payment. Obligor shall promptly pay any and all taxes, assessments, and/or governmental charges upon the Pledged Collateral on the dates such taxes, assessments, and/or governmental charges are due and payable, except to the extent that such taxes, assessments, and/or charges are contested in good faith by Obligor by appropriate proceedings and for which such Obligor is maintaining adequate reserves in accordance with GAAP. Upon request of Holder, Obligor shall deliver to Holder such receipts and other proofs of payment as Holder may request.

(d) Notice of Adverse Changes, Events of Default, Seizures and Institution of Litigation. Obligor shall immediately notify Holder of: (i) any material changes in its business, property, or financial condition, (ii) the occurrence of an Event of Default; (iii) any claims or alleged claims of third parties to the Pledged Collateral; and (iv) the institution of any litigation, arbitration, governmental investigation or administrative proceedings against or affecting Obligor or any of the Pledged Collateral.

(e) Compliance with Laws. Obligor shall continue to be in compliance with all applicable laws, statutes, rules, and regulations.

(f) Maintenance, Inspection of Books and Records. Obligor shall maintain complete and accurate books and records in accordance with GAAP. Obligor shall keep Holder fully informed as to the location of all such books and records and shall permit Holder and its authorized agents to have full, complete and unrestricted access thereto at all reasonable times to inspect, audit and make copies of any and all such books and records. Upon submission to Obligor of an invoice therefor, Obligor will reimburse Holder for any and all fees and costs related to any inspection and/or audit by Holder and its authorized agents of Obligor's books and records. Holder's rights hereunder shall be enforceable at law or in equity, and Obligor consents to the entry of judicial orders or injunctions enforcing specific performance of all of Obligor's obligations hereunder and under the other Loan Documents.

(g) Continuation of Perfected Status of Pledged Collateral. Obligor agrees to cooperate and join, at its expense, with the Collateral Agent and Holder in taking such steps as are necessary, in the Collateral Agent's or Holder's judgment, to perfect or continue the perfected status of the security interests granted in the Pledged Collateral, including, without limitation, the execution and delivery of any Uniform Commercial Code financing statements, amendments thereto and continuation statements.

(h) Restrictions on other Debt or Financing. Until such time as the Liabilities have been indefeasibly paid and satisfied in full, Obligor shall not incur any other debt or equity nor shall Obligor either guarantee or provide security for any debt or other financing without the prior written consent of Holder unless the proceeds of any such new indebtedness or equity are used to repay this Note.

6. Conditions to Funding Loan. The obligation of Holder to fund the Loan shall be subject to Holder's receipt of the following documents (this Note, the Pledge and all of the following documents, the "Loan Documents") and other conditions, each in form and substance satisfactory to Holder:

(a) Note. This Note, duly executed by Obligor.

(b) Pledge Amendment. The amendment of the Pledge required pursuant to Section 3(a) hereof, duly executed and delivered by the parties thereto.

(c) Financing Statements. Holder shall have received satisfactory evidence of the filing and proper indexing of Uniform Commercial Code financing statements, in form satisfactory to Holder, evidencing the security interest in the Pledged Collateral in such jurisdictions as Holder shall determine are necessary to perfect its (or the Collateral Agent's) first priority perfected security interest therein as security for the Liabilities.

(d) Authorization Documents. A certified copy of the articles of incorporation, the bylaws and the resolutions of the Board of Directors of Obligor authorizing Obligor's execution and full performance of this Note, the other Loan Documents and all other documents and actions required hereunder, and an incumbency certificate setting forth the officers of Obligor and those persons authorized to execute this Note and related documents, together with a certificate of good standing from Obligor's jurisdiction of organization.

(e) Officer's Certificate. An officer's certificate executed by an officer of Obligor certifying as to the accuracy of the warranties and representations of Obligor set forth herein and certain other factual matters required by Holder.

(f) Fees and Expenses. All fees and legal expenses due from Obligor to Holder or its counsel shall be payable at or before the funding of the Loan. Obligor shall pay all out of pocket expenses incurred by Holder in connection with the preparation, execution and delivery of this Note and all other Loan Documents, search and filing fees and expenses, including, but not limited to, reasonable legal fees and all other reasonable related costs.

(g) Other Documents and Conditions. Such additional documents and conditions as Holder reasonably may request.

7. Events of Default. The occurrence, after the date hereof, of one or more of the following events shall constitute an event of default (an "Event of Default") hereunder:

(a) Obligor shall fail to make any payment due to Holder under this Note or the other Loan Documents as and when due, whether at maturity, as a result of the occurrence of an Event of Default, or otherwise.

(b) Obligor shall fail to observe or perform any other covenant or agreement required to be observed or performed by Obligor under this Note or under any other Loan Document, and such failure shall continue after the expiration of five (5) days following notice from Holder to Obligor of such failure.

(c) Any representation or warranty of Obligor under this Note, under any other Loan Document, or under any document, instrument or agreement executed and delivered in connection with this Note or the transactions contemplated hereby (collectively, the "Related Documents"), shall be false or misleading in any material respect.

(d) Obligor shall default in the payment of any obligation for borrowed money, which default is not cured within any grace or cure period applicable thereto.

(e) Any event of default shall occur under the terms of any of the Loan Documents.

(f) If custody or control of any substantial part of the property of Obligor shall be assumed by any governmental agency or any court of competent jurisdiction at the instance of any governmental agency; if any material license or franchise shall be suspended, revoked or otherwise terminated; or if any governmental regulatory authority or judicial body shall make any other final non-appealable determination the effect of which would be to affect materially and adversely the operations of Obligor as now conducted.

(g) If Obligor shall create, permit or suffer the creation of any liens, security interests, or any other encumbrances on any of its property, real or personal, except (A) those in favor of the Collateral Agent for the benefit of Holder as security for the Liabilities and (B) other valid and perfected security interests in property of Obligor other than the Pledged Collateral existing as of the date hereof; provided that Obligor shall have five (5) days from the date on which Obligor becomes aware or should have become aware of the existence thereof to remove, or purge or satisfy any such lien, security interest or encumbrance that is both non-consensual and not in favor of any government entity.

(h) If Obligor shall sell, lease, transfer or otherwise dispose of all or any portion of its assets, real or personal, other than such transactions in the normal and ordinary course of business for value received; or discontinue, liquidate, or change in any material respect any substantial part of its operations or business.

(i) If Obligor is or becomes bankrupt or insolvent (including without limitation generally failing to pay its debts as such debts become due); is adjudicated insolvent or bankrupt; or shall suffer a custodian, receiver or trustee for it or substantially all of its property to be appointed and if appointed without its consent, not be discharged within sixty (60) days; makes an assignment for the benefit of creditors; or suffers proceedings under any law related to bankruptcy, insolvency, liquidation or the reorganization, readjustment or the release of debtors to be instituted against it and if contested by it not dismissed or stayed within thirty (30) days; if proceedings under any law related to bankruptcy, insolvency, liquidation, or the reorganization, readjustment or the release of debtors is instituted or commenced by Obligor; if any order for

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relief is entered relating to any of the foregoing proceedings; or if Obligor shall by any act or failure to act indicate its consent to, approval of or acquiescence in any of the foregoing.

8. Remedies.

(a) General Rights of Holder. Upon Holder's demand, or, without in any manner restricting or limiting the right of Holder to demand payment of the entire indebtedness owing hereunder at any time and for any reason or for no reason, upon the occurrence of an Event of Default, the entire unpaid principal sum owing hereunder, together with any and all interest accrued thereon plus all other sums due and payable to Holder hereunder and the other Loan Documents, shall, at the option of Holder, become due and payable immediately without presentment, demand, notice of nonpayment, protest, notice of protest, or other notice of dishonor, all of which are hereby expressly waived by Obligor.

(b) Additional Rights and Remedies. In addition to the rights and remedies available to Holder as set forth above, upon the occurrence of an Event of Default, or at any time thereafter, Holder may at its option, immediately and without notice, do any or all of the following, which rights and remedies are cumulative, may be exercised from time to time, and are in addition to any rights and remedies available to Holder or the Collateral Agent for the benefit of Holder or under any other agreement or instrument by and between Obligor and Holder:

(i) Exercise or cause the Collateral Agent to exercise any and all of the rights and remedies of a secured party under the Uniform Commercial Code or other applicable law relating to the liens on or security interests in the Pledged Collateral, including, without limitation, the right to require Obligor to assemble the Pledged Collateral and make it available to the Collateral Agent or Holder;

(ii) Demand, sue for, collect, or retrieve any money or property at any time payable, receivable on account of, or in exchange for, or make any compromise, or settlement deemed desirable with respect to any of the Pledged Collateral;

(iii) Notify the post office authorities to change the address for delivery of Obligor's mail to an address designated by Holder and to receive, open, and distribute all mail addressed to Obligor, retaining all mail relating to the Pledged Collateral and forwarding all other mail to Obligor;

(iv) Charge interest on the Loan at the Default Interest Rate; and/or

(v) Upon five (5) calendar days' prior written notice to Obligor (or one (1) day notice by telephone with respect to Pledged Collateral that is perishable or threatens to decline rapidly in value), which Obligor hereby acknowledges to be sufficient, commercially reasonable and proper, Holder may sell, lease or otherwise dispose of any or all of the Pledged Collateral or cause the Collateral Agent to sell, lease or otherwise dispose of any or all of the Pledged Collateral, at any time and from time to time at public or private sale, with or without advertisement thereof, and apply the proceeds of any such sale first to the Collateral Agent's and Holder's expenses in preparing the Pledged Collateral for sale (including reasonable attorneys' fees) and second to the complete satisfaction of the Liabilities in any order deemed appropriate by Holder in its sole discretion. Obligor waives the benefit of any marshaling doctrine with respect to the Collateral Agent's and Holder's exercise of its rights hereunder and under the other Loan Documents. Obligor grants a royalty-free license to the Collateral Agent and Holder for all patents, service marks, trademarks, tradenames, copyrights, computer programs and other intellectual property and proprietary rights sufficient to permit Holder to exercise all rights granted to the Collateral Agent and to Holder under this Note and the other Loan Documents. Holder or anyone else may be the purchaser of any or all of the Pledged Collateral so sold and thereafter hold such Pledged Collateral absolutely, free from any claim or right of whatsoever kind, including any equity of redemption of Obligor or any other obligor, any such notice, right and/or equity of redemption being hereby expressly waived and released.

(c) Grant of Power of Attorney.

(i) Attorney-in-Fact. Obligor hereby irrevocably appoints the Collateral Agent and Holder (and any of its respective attorneys, officers, employees, or agents) as its true and lawful attorney-in-fact, said appointment being coupled with an interest, with full power of substitution, in the name of Obligor, Collateral Agent, Holder, or otherwise, for the sole use and benefit of Holder in its sole discretion, but at Obligor's expense, to exercise, to the extent permitted by law, in its name or in the name of Obligor or otherwise, the powers set forth herein, following the occurrence of an Event of Default, such powers, including, but not limited to, the power at any time: (i) to endorse the name of Obligor upon any instruments of payment, invoice, freight, express bill, bill of lading, storage, or warehouse receipt relating to the Pledged Collateral; (ii) to demand, collect, receive payment of, settle, compromise, or adjust all or any of the Pledged Collateral; (iii) to correspond and negotiate directly with obligors of the Pledged Collateral; and (iv) to execute any notice, statement, instrument, agreement, or other paper that the Collateral Agent or Holder may require to create, preserve, perfect, or validate any security interest in the Pledged Collateral or to enable the Collateral Agent or Holder to exercise or enforce its respective rights under this Note or the other Loan Documents or with respect thereto.

(ii) Liability of Holder as Attorney-in-Fact. Neither the Collateral Agent nor Holder nor any of its respective attorneys, officers, employees, or agents shall be liable for acts, omissions, any error in judgment, or mistake in fact in its/their capacity as attorney-in-fact. Obligor hereby ratifies all lawful acts of the Collateral Agent and Holder as its attorney-in-fact. This power, being coupled with an interest is irrevocable until the Liabilities have been indefeasibly paid and satisfied in full. Neither the Collateral Agent nor Holder shall be required to take any steps necessary to preserve any rights against prior parties with respect to any of the Pledged Collateral.

9. Remedies Cumulative, etc.

(a) No right or remedy conferred upon or reserved to the Collateral Agent or Holder under this Note or any of the other Loan Documents or now or hereafter existing at law or in equity is intended to be exclusive of any other right or remedy, and each and every such right or remedy shall be cumulative and concurrent, and in addition to every other such right or remedy, and may be pursued singly, concurrently, successively or otherwise, at the

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sole discretion of Holder, and shall not be exhausted by any one exercise thereof but may be exercised as often as occasion therefor shall occur.

(b) Obligor hereby waives presentment, demand, notice of nonpayment, protest, notice of protest, notice of dishonor and any and all other notices in connection with any default in the payment of, or any enforcement of the payment of, all of the Liabilities. To the extent permitted by law, Obligor waives the right to any stay of execution and the benefit of all exemption laws now or hereafter in effect.

10. Waiver of Jury Trial. OBLIGOR HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVES ANY RIGHTS IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION HEREON OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS NOTE OR ANY OF THE OTHER LOAN DOCUMENTS OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF OBLIGOR, COLLATERAL AGENT OR HOLDER. OBLIGOR HEREBY ACKNOWLEDGES THAT IT WAS REPRESENTED BY COUNSEL IN ITS ENTERING INTO THIS NOTE AND THE OTHER LOAN DOCUMENTS AND IT WAS EXPLAINED THE MEANING OF THIS SECTION 9(d) RELATING TO THE WAIVER OF JURY TRIAL.

11. Costs and Expenses. Following the occurrence of any Event of Default, Obligor shall pay upon demand all costs and expenses (including all attorneys' fees and expenses) incurred by the Collateral Agent for the benefit of Holder or by Holder in the exercise of any of its rights, remedies or powers under this Note or any of the other Loan Documents, and any amount thereof not paid shall be added to the principal sum hereunder from the date paid by the Collateral Agent or by Holder and shall thereafter bear interest at the Default Interest Rate until paid in full.

12. Notices. All notices required to be given to any of the parties hereunder shall be in writing and shall be deemed to have been sufficiently given for all purposes when presented personally to such party or sent by United States mail, postage prepaid or sent by overnight courier, or by facsimile, with written confirmation of successful transmission received by the sender, to such party at its address set forth below:

Obligor:

Student Finance Corporation
170 Lukens Drive
New Castle, DE 19720
Attention: Gary J. Hawthorne
Telephone: (302) 467-4000
Facsimile: (302) 467-4040

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with a copy to:

Pepper Hamilton LLP
3000 Two Logan Square
Eighteenth and Arch Streets
Philadelphia, PA 19103-2799
Facsimile: (215) 981-4750
Attention: W. Roderick Gagné

Holder:

Royal Indemnity Company
11111 Carmel Commons Boulevard
Charlotte, NC 28226
Attention: Tony McKenzie
Telephone: (704) 543-3411
Facsimile: (704) 543-3466

with a copy to Holder's counsel at:

Royal Indemnity Company
9300 Arrowpoint Blvd.
Post Office Box 1000
Charlotte, NC 28201-1000
Attention: Theodore J. Chandler, Esq.
Telephone: (704) 522-3364
Facsimile: (704) 522-2688

Such notice shall be deemed to be given when received if delivered personally, one Business Day after the date sent by overnight courier or by facsimile, or three days after the date mailed by certified or registered mail. Any notice of any change in such address shall also be given in the manner set forth above. Whenever the giving of notice is required, the giving of such notice may be waived in writing by the party entitled to receive such notice.

13. Severability. In the event that any provision of this Note is held to be invalid, illegal or unenforceable in any respect or to any extent, such provision shall nevertheless remain valid, legal and enforceable in all such other respects and to such extent as may be permissible. Any such invalidity, illegality or unenforceability shall not affect any other provisions of this Note, but this Note shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

14. Amendments and Waivers. No modification or amendment hereof, or waiver or consent hereunder, shall be effective unless made in a writing signed by appropriate officers of Holder and Obligor.

15. Successors and Assigns. This Note inures to the benefit of Holder and binds the Obligor, and their respective successors and assigns, and the words "Holder" and

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"Obligor" whenever occurring herein shall be deemed and construed to include such respective successors and assigns.

16. Governing Law. This Note shall be governed by and construed in accordance with the laws of the State of Delaware.

17. Consent to Jurisdiction and Service of Process. Obligor irrevocably appoints each and every owner, partner and/or officer of Obligor as its attorneys upon whom may be served, by regular or certified mail at the address set forth in this Note, any notice, process or pleading in any action or proceeding against it arising out of or in connection with this Note or any of the other Loan Documents. Obligor hereby consents that any action or proceeding against it may at Holder's option be commenced and maintained in any court within New Castle County in the State of Delaware or in the United States District Court for the District of Delaware by service of process on any such owner, partner and/or officer. Obligor further agrees that such courts of New Castle County in the State of Delaware and the United States District Court for the District of Delaware shall have jurisdiction with respect to the subject matter hereof and the person of Obligor and all Pledged Collateral for the Liabilities.

[Remainder of page intentionally left blank]

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IN WITNESS WHEREOF, Obligor has duly executed this Note on the day and year first above written.

ATTEST:

By: ______________________

Name:

Title: VP

STUDENT FINANCE CORPORATION

By: ______________________

Name: Gary J. Hawthorne

Title: President

SCHEDULE A
TRANSFER INFORMATION

29-Apr-02

Deal	Bank	Routing #	Lockbox Acct	Corp Trust Acct	For Further Credit	Per Settlement APR '02 Amount to Send		Mar '02 OVER PAYMENT ADJ	Per Settlement APR '02 Adjusted Amt to Send
GT 1996	Wilmington Trust	ABA: 031 100 092	2717-6925			$0.00	$	-	$0.00
WTO-Policy 1	Wilmington Trust	ABA: 031 100 092	2799-9840			$262,696.38	$	356.16	$262,340.22
PNC-Policy 7	PNC Bank	ABA: 031 100 089	5603800616			$744,057.76	$	9,197.90	$734,859.86
GT 2000-1	PNC Bank	ABA: 031 100 089	5603280429			$457,393.40	$	1,401.78	$455,991.62
GT 2000-2	PNC Bank	ABA: 031 100 089	5603533984			$629,318.48	$	1,596.96	$627,721.52
GT 2000-3	PNC Bank	ABA: 031 100 089	5603788763			$565,372.48	$	1,779.84	$563,592.64
GT 2000-4	PNC Bank	ABA: 031 100 089	5603789248			$330,733.26	$	580.30	$330,152.96
GT 2001-1	PNC Bank	ABA: 031 100 089	5603800149			$637,025.63	$	1,376.46	$635,650.18
GT 2001-2	PNC Bank	ABA: 031 100 089	5605011071			$511,309.35	$	2,596.06	$508,713.29
GT 2001-3	PNC Bank	ABA: 031 100 089	5605011469			$818,885.01	$	4,708.33	$814,176.68
Owners Trust 2001-a	Wells Fargo Bank MN, N.A.	ABA: 091000019		0001038377	11700501	$1,221,103.90	$	(2,660.35)	$1,223,764.25
						$6,177,895.65	$	20,932.43	$6,156,963.22

A-1

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CERTIFICATE OF SERVICE

I, Anthony M. Saccullo, Esquire, hereby certify that on this 15th day of April, 2004, I caused a true and correct copy of **Amended Complaint** to be served upon the parties listed below in the manners indicated.

VIA HAND DELIVERY
Gregory A. Taylor, Esquire
Ashby & Geddes
222 Delaware Avenue, 17th Floor
P.O. Box 1150
Wilmington, DE 19899

Via Facsimile and First Mail
Peter D. Wolfson, Esquire
Andrew P. Lederman, Esquire
Sonnenschein Nath & Rosenthal LLP
1221 Avenue of the Americas
New York, New York 10020-1089

Anthony M. Saccullo (No. 4141)

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE**

In re: STUDENT FINANCE CORPORATION Debtor	:	Civil Action No. 04-1551 (JJF)
CHARLES A. STANZIALE, JR., CHAPTER 7 TRUSTEE OF STUDENT FINANCE CORPORATION Plaintiff v. PEPPER HAMILTON LLP, et al Defendants	:	

OBJECTIONS AND RESPONSES OF CHARLES A. STANZIALE, JR., CHAPTER 7 TRUSTEE OF STUDENT FINANCE CORPORATION, TO DEFENDANT PEPPER HAMILTON LLP'S FIRST SET OF REQUESTS FOR PRODUCTION OF DOCUMENTS

Pursuant to Rule 34 of the Federal Rules of Civil Procedure, Plaintiff Charles A. Stanziale, Jr., Chapter 7 Trustee of Student Finance Corporation ("Trustee"), hereby responds to Defendant Pepper Hamilton, LLP's ("Pepper") Requests for the Production of Documents as follows:

I. GENERAL OBJECTIONS

The Trustee objects to each request, definition and/or instruction propounded by Pepper to the extent that:

(1) It requests information that is neither relevant to the subject matter involved in this action nor reasonably calculated to lead to the discovery of admissible evidence;

(2) It is overly broad and any attempt to respond would be unduly burdensome, expensive, harassing and oppressive;

(3) It seeks information which Pepper already possesses, or has equal access to;

(4) It seeks information which is protected by the attorney-client privilege, work product privilege, or which is otherwise protected against or privileged from disclosure by law or rule of court;

(5) It seeks information regarding confidential commercial, trade secret or other proprietary information;

(6) It seeks information for an unreasonable and irrelevant period of time;

(7) It seeks information from persons other than the Trustee and/or information concerning transactions or matters other than the alleged transactions or matters that are the subject of the Complaint or any defenses to the claims set forth therein;

(8) It is vague and ambiguous and incapable of a response as phrased; and

(9) It seeks information available from public records.

All responses set forth herein are made subject to and incorporating the foregoing objections and without in any way waiving or intending to waive, but to the contrary, intending to preserve and preserving:

(1) All questions as to competency, materiality, relevancy, privilege and admissibility as evidence for any purpose in any subsequent proceeding or the trial of this or any other action;

(2) The right to object on any ground to the use of any of these answers, or the subject matter thereof, in any subsequent proceeding or the trial of this or any other action; and

(3) The right to supplement and/or amend these responses based upon the recollection of persons presently unavailable or the discovery of additional documents and the

adducement of deposition and documentary information during discovery, and after a thorough review of the materials which may contain documents potentially responsive to certain of these requests.

II. SPECIFIC OBJECTIONS TO DEFINITIONS

The Trustee specifically objects to the following definitions set forth in Pepper's Requests:

Objection to Definition No. 19: The Trustee objects to Definition No. 19 on the grounds that there is no "meaning assigned" to the phrase "Excess Spread Reserve" in paragraph 40 of the Amended Complaint in the *Trustee v. Royal* litigation, nor is that phrase defined therein.

Objection to Definition No. 20: The Trustee objects to Definition No. 20 on the grounds that there is no "meaning assigned" to the phrase "forbearance payments" in paragraph 59 of the Amended Complaint in the *Trustee v. Royal* litigation, nor is that phrase defined therein. The Trustee further objects to this definition to the extent that it is vague and confusing given Pepper's Definition No. 14.

Objection to Definition No. 21: The Trustee objects to Definition No. 21 except where a particular meaning or definition has been assigned to a phrase or term used in the Complaint.

Clarification of definition No. 15: The Trustee has no objection to Definition No. 15 with the clarification that the correct spelling for the entity that sued SFC in that matter was "Nielsen" not "Nielson".

III. RESPONSES TO REQUESTS FOR DOCUMENTS

1. All documents upon which you relied or to which you referred in responding to Defendant Pepper Hamilton LLP's First Set of Interrogatories Directed to Charles A. Stanziale, Jr., Chapter 7 Trustee of Student Finance Corporation, and Defendant Pepper Hamilton LLP's

First Set of Requests for Admissions Directed to Charles A. Stanziale, Jr., Chapter 7 Trustee of Student Finance Corporation.

Response:

The Trustee incorporates by reference herein the objections set forth in his Objections and Responses to Pepper's First Set of Interrogatories and First Requests for Admissions directed to the Trustee. Subject to and without waiver of those objections, the Trustee responds as follows:

Documents responsive to this Request will be produced at a mutually convenient time and place in accordance with the parties' agreements with respect to the production of documents, and the Court's August 31, 2005 Scheduling Order or other applicable Orders. By way of further response, discovery is continuing and no depositions have been taken to date. As such, the Trustee reserves the right to supplement these Responses.

2. All documents mentioned, described or identified in the Complaint.

Response:

Documents responsive to this Request will be produced at a mutually convenient time and place in accordance with the parties' agreements with respect to the production of documents, and the Court's August 31, 2005 Scheduling Order or other applicable Orders. By way of further response, discovery is continuing and no depositions have been taken to date. As such, the Trustee reserves the right to supplement these Responses.

3. All promissory notes between Royal and SFC.

Response:

The Trustee objects to this Request to the extent that it seeks information that is not within the Trustee's possession or control. The Request is also objectionable to the extent it seeks information for an unreasonable and irrelevant period of time. Subject to and without waiver of those objections, the Trustee responds as follows:

Documents responsive to this Request will be produced at a mutually convenient time and place in accordance with the parties' agreements with respect to the production of documents, and the Court's August 31, 2005 Scheduling Order or other applicable Orders. By way of further response, discovery is continuing and no depositions have been taken to date. As such, the Trustee reserves the right to supplement these Responses.

4. All insurance policies that Royal issued to SFC, including but not limited to insurance policies that provided insurance coverage for actions taken by SFC's officers and directors.

Response:

The Trustee objects to this Request to the extent that it seeks information that is not within the Trustee's possession or control. The Request is also objectionable to the extent it seeks information for an unreasonable and irrelevant period of time. Subject to and without waiver of those objections, the Trustee responds as follows:

Documents responsive to this Request will be produced at a mutually convenient time and place in accordance with the parties' agreements with respect to the production of documents, and the Court's August 31, 2005 Scheduling Order or other applicable Orders. By way of further response, discovery is continuing and no depositions have been taken to date. As such, the Trustee reserves the right to supplement these Responses.

5. All documents that refer or relate to Royal's calculations, predictions or assumptions about the rate of growth of the Institutional Reserve.

Response:

The Trustee objects to this Request to the extent that it seeks information that is not within the Trustee's possession or control. The Request is also objectionable to the extent it seeks information for an unreasonable and irrelevant period of time. Subject to and without waiver of those objections, the Trustee responds as follows:

Documents responsive to this Request will be produced at a mutually convenient time and place in accordance with the parties' agreements with respect to the production of documents, and the Court's August 31, 2005 Scheduling Order or other applicable Orders. By way of further response, discovery is continuing and no depositions have been taken to date. As such, the Trustee reserves the right to supplement these Responses.

6. All documents indicating that Pepper or Gagne exercised dominion and control over SFC.

Response:

The Trustee objects to this Request to the extent that it seeks information that is not within the Trustee's possession or control. Subject to and without waiver of that objection, the Trustee responds as follows:

Documents responsive to this Request will be produced at a mutually convenient time and place in accordance with the parties' agreements with respect to the production of documents, and the Court's August 31, 2005 Scheduling Order or other applicable Orders. By way of further response, discovery is continuing and no depositions have been taken to date. As such, the Trustee reserves the right to supplement these Responses.

7. All documents that refer or relate to SFC.

Response:

The Trustee objects to this Request to the extent that it seeks information that is not within the Trustee's possession or control. This Request is also objectionable to the extent it seeks information for an unreasonable and irrelevant period of time. Additionally, this Request is overly broad and any attempt to respond would be unduly burdensome, expensive, harassing and oppressive. The Trustee further objects to this Request to the extent it seeks information that is neither relevant to the subject matter involved in this action nor reasonably calculated to lead to the discovery of admissible evidence. The Trustee has circulated an index of documents contained in over eight hundred boxes of documents in his possession related to SFC and the parties agree that not all such documents are relevant to this action. Subject to and without waiver of those objections, the Trustee responds as follows:

Documents responsive to this Request will be produced at a mutually convenient time and place in accordance with the parties' agreements with respect to the production of documents, and the Court's August 31, 2005 Scheduling Order or other applicable Orders. By way of further response, discovery is continuing and no depositions have been taken to date. As such, the Trustee reserves the right to supplement these Responses.

8. All documents that refer or relate to Pepper.

Response:

The Trustee objects to this Request to the extent that it seeks information that is not within the Trustee's possession or control. It is also overly broad and any attempt to respond would be unduly burdensome, expensive, harassing and oppressive, and seeks information for an unreasonable and irrelevant period of time. The Trustee further objects to this Request to the extent it seeks information that is neither relevant to the subject matter involved in this action nor reasonably calculated to lead to the discovery of admissible evidence. Subject to and without waiver of those objections, the Trustee responds as follows:

Documents responsive to this Request will be produced at a mutually convenient time and place in accordance with the parties' agreements with respect to the production of documents, and the Court's August 31, 2005 Scheduling Order or other applicable Orders. By way of further response, discovery is continuing and no depositions have been taken to date. As such, the Trustee reserves the right to supplement these Responses.

9. All documents that refer or relate to Gagne.

Response:

The Trustee objects to this Request to the extent that it seeks information that is not within the Trustee's possession or control. It is also overly broad and any attempt to respond would be unduly burdensome, expensive, harassing and oppressive, and seeks information for an unreasonable and irrelevant period of time. The Trustee further objects to this Request to the extent it seeks information that is neither relevant to the subject matter involved in this action nor reasonably calculated to lead to the discovery of admissible evidence. Subject to and without waiver of those objections, the Trustee responds as follows:

Documents responsive to this Request will be produced at a mutually convenient time and place in accordance with the parties' agreements with respect to the production of documents, and the Court's August 31, 2005 Scheduling Order or other applicable Orders. By way of further response, discovery is continuing and no depositions have been taken to date. As such, the Trustee reserves the right to supplement these Responses.

10. All documents that refer or relate to Royal.

Response:

The Trustee objects to this Request to the extent that it seeks information that is not within the Trustee's possession or control. It is also overly broad and any attempt to respond would be unduly burdensome, expensive, harassing and oppressive, and seeks information for an unreasonable and irrelevant period of time. The Trustee further objects to this Request to the extent it seeks information that is neither relevant to the subject matter involved in this action nor reasonably calculated to lead to the discovery of admissible evidence. Subject to and without waiver of those objections, the Trustee responds as follows:

Documents responsive to this Request will be produced at a mutually convenient time and place in accordance with the parties' agreements with respect to the production of documents, and the Court's August 31, 2005 Scheduling Order or other applicable Orders. By way of further response, discovery is continuing and no depositions have been taken to date. As such, the Trustee reserves the right to supplement these Responses.

Dated: November 15, 2005

James J. Rodgers
Laura E. Vendzules
DILWORTH PAXSON LLP
3200 Mellon Bank Center
1735 Market Street
Philadelphia, Pennsylvania 19103
(215) 575-7000

Peter C. Hughes (No. 4180)
DILWORTH PAXSON LLP
First Federal Plaza, Suite 500
Wilmington, DE 19801
(302) 571-9800

Special Counsel to Charles A. Stanziale Jr. Chapter 7 Trustee Student Finance Corporation

Of Counsel:

Michael S. Waters
Lois H. Goodman
McElroy, Deutsch, Mulvaney & Carpenter, LLP
Three Gateway Center
100 Mulberry Street
Newark, NJ 07102

CERTIFICATE OF SERVICE

I, James J. Rodgers, do hereby certify that on November 15, 2005, a copy of the Objections and Responses of Charles A. Stanziale, Jr., Chapter 7 Trustee of Student Finance Corporation, to Defendant Pepper Hamilton LLP's First Set of Requests for Production of Documents was served upon the following, via United States first class mail, postage prepaid:

Joanna F. Newdeck, Esquire
Morris, Nichols, Arsht & Tunnell
1201 North Market Street
P.O. Box 1347
Wilmington, DE 19899-1347

Tiffany Geyer Lydon, Esquire
Ashby & Geddes
222 Delaware Avenue
P.O. Box 1150
Wilmington, DE 19801

James L. Holzman, Esquire
Prickett, Jones & Elliott, P.A.
1310 King Street
P.O. Box 1328
Wilmington, DE 19899

Christopher M. Winter, Esquire
Duane Morris LLP
1100 North Market Street, Suite 1200
Wilmington, DE 19810

John H. Eickemeyer, Esquire
Vedder, Price, Kaufman & Kammholz, P.C.
805 Third Avenue
New York, NY 10022

John I. Grossbart, Esquire
Sonnenschein Nath & Rosenthal LLP
8000 Sears Tower
Chicago, IL 60606

Veronica E. Rendon, Esquire
Arnold & Porter LLP
399 Park Avenue
New York, NY 10022-4690

Karen Lee Turner, Esquire
Eckert Seamans Cherin & Mellott, LLC
1515 Market Street, 9th Floor
Philadelphia, PA 19102-1909

Andre G. Castaybert, Esquire
Proskauer Rose LLP
1585 Broadway
New York, NY 10036-8299

Karen Lee Turner, Esquire
Eckert Seamans Cherin & Mellott, LLC
300 Delaware Ave.
Suite 1360
Wilmington, DE 19801

Stephen J. Shapiro, Esquire
Schnader Harrison Segal and Lewis LLP
1600 Market St., Suite 3600
Philadelphia, PA 19103

[signature]
James J. Rodgers

625261_1

Schnader
ATTORNEYS AT LAW

1600 MARKET STREET SUITE 3600
PHILADELPHIA, PA 19103-7286
215.751.2000 FAX 215.751.2205 schnader.com

June 6, 2006

Stephen J. Shapiro
Direct Dial 215-751-2259
E-mail: sshapiro@schnader.com

VIA E-MAIL AND FIRST CLASS MAIL

Michael S. Waters, Esquire
McElroy, Deutsch, Mulvaney
& Carpenter, LLP
Three Gateway Center
100 Mulberry Street
Newark, New Jersey 07102

RE: ***Royal Indemnity Company v. Pepper Hamilton LLP, et al.*****,**
No. 05-165 (D. Del.)
Stanziale v. Pepper Hamilton LLP, et al.**, No. 04-1551 (D. Del.)**

Dear Mike:

We write regarding deficiencies in the Trustee's document production.

In its first set of requests for the production of documents, Pepper requested all documents that refer or relate to SFC, Pepper, Gagné and Royal (see Request Nos. 7-10). Our review of the various fee applications filed in the SFC bankruptcy action indicate that counsel for the Trustee corresponded in writing with counsel for Royal on numerous occasions. Those communications must have referred or related to SFC, Pepper, Gagné and/or Royal because the Trustee's counsel recorded them in the time records it submitted to the bankruptcy court in connection with this action. However, it does not appear that the Trustee produced those documents, nor do the communications appear on the Trustee's privilege log.

Please advise whether the Trustee will produce written correspondence between counsel for the Trustee and counsel for Royal, including but not limited to correspondence that pre-dates the Trustee's Complaint in this action, and, if not, the grounds on which the Trustee declines to do so.

Sincerely,

Stephen J. Shapiro
For SCHNADER HARRISON SEGAL & LEWIS LLP

McELROY, DEUTSCH, MULVANEY & CARPENTER, LLP
ATTORNEYS AT LAW

THREE GATEWAY CENTER
100 MULBERRY STREET
NEWARK, NEW JERSEY 07102-4079
(973) 622-7711
FACSIMILE (973) 622-5314

LOIS H. GOODMAN
Direct Dial: (973) 565-2079
E-mail: lgoodman@mdmc-law.com

June 20, 2006

VIA E-MAIL AND FIRST CLASS MAIL

Stephen J. Shapiro, Esq.
Schnader Harrison Segal & Lewis LLP
Suite 3600, 1600 Market Street
Philadelphia, Pennsylvania 19103-7286

Re: In Re: Student Finance Corporation
Charles A. Stanziale, Jr., Chapter 7 Trustee of Student Finance Corporation vs. Pepper Hamilton LLP, et al.
Civil Action Number: 04-1551 (JJF)

Dear Steve:

This is in response to your letter dated June 6, 2006. You state that your request is for "all documents that refer or relate to SFC, Pepper, Gagné and Royal." The Trustee objected to that request when made for scope, burden, and other grounds, but did produce documents in response to more limited requests. Accordingly, I do not think you can rely on that blunderbuss request to claim a deficiency in the Trustee's production.

Your June 6 letter makes reference to the Trustee's correspondence with Royal referred to in a fee application. As you have failed to articulate any basis for relevance to the issues in this litigation, other then the fact that the Trustee wrote a letter, and for the other reason set forth in our response, we object to the request for production of correspondence with Royal. The Trustee's actions are set forth in filings with the Court which are available to you and you obviously are obtaining.

MCELROY, DEUTSCH, MULVANEY & CARPENTER, LLP

Stephen J. Shapiro, Esq.
June 20, 2006
Page 2

If you have specific requests for specific documents, we will consider those requests when you make them.

Very truly yours,

MCELROY, DEUTSCH. MULVANEY & CARPENTER, LLP

Lois H. Goodman

LHG:dc
cc: Neil G. Epstein, Esq. (Via E-Mail and First Class Mail)

Schnader
ATTORNEYS AT LAW

1600 MARKET STREET SUITE 3600
PHILADELPHIA, PA 19103-7286
215.751.2000 FAX 215.751.2205 schnader.com

July 5, 2006

Stephen J. Shapiro
Direct Dial 215-751-2259
E-mail: sshapiro@schnader.com

VIA E-MAIL AND FIRST CLASS MAIL

Lois H. Goodman, Esquire
McElroy, Deutsch, Mulvaney
& Carpenter, LLP
Three Gateway Center
100 Mulberry Street
Newark, New Jersey 07102

RE: ***Royal Indemnity Company v. Pepper Hamilton LLP, et al.*, No. 05-165 (D. Del.)**
***Stanziale v. Pepper Hamilton LLP, et al.*, No. 04-1551 (D. Del.)**

Dear Lois:

We write in response to your letter of June 20, 2006, relating to Pepper's request for the production of correspondence between the Trustee and Royal.

In its first set of requests for the production of documents, Pepper requested, in four separate requests, all documents that refer or relate to SFC, Pepper, Gagné and Royal (see Request Nos. 7-10). Although the Trustee stated various objections to these requests, the Trustee nevertheless represented that he would produce documents responsive to them.

Any communications between the Trustee (including his counsel), on the one hand, and Royal (including its counsel), on the other hand, that refer or relate to SFC, Pepper, Gagné and Royal are relevant to the claims and defenses at issue or are reasonably calculated to lead to the discovery of admissible evidence. For instance, a significant majority of the Trustee's alleged damages against the Pepper Defendants result from the Trustee's decision to forgo his objection to Royal's Proof of Claim, thereby permitting Royal to enter a claim in excess of $500 million against the estate. Any communications between the Trustee and Royal that refer or relate to SFC, Pepper, Gagné and Royal are relevant or likely to lead to the discovery of admissible evidence on that issue.

Although our request is not limited to communications referenced in the Trustee's fee petitions, to the extent McElroy or Dilworth billed the estate in *Stanziale v. Pepper Hamilton, et al.*, to prepare or review correspondence to or from Royal, those communications unquestionably relate to this litigation and, to the extent they also refer or relate to SFC, Pepper, Gagné and Royal, are responsive to Pepper's requests. To take just one of many examples, McElroy's fee petition for the first quarter of 2006 contains the following entry dated March 23, 2006: "E-mails from and to L. MacVittie re Pepper documents."

Contrary to your implication, our current request is specific and is encompassed by the request for production previously served on the Trustee: All communications between the Trustee (including his counsel), on the one hand, and Royal (including its counsel) on the other hand, that refer or relate to SFC, Pepper, Gagné and Royal. Please let us know whether you intend to produce those documents voluntarily.

Sincerely,

Stephen J. Shapiro
For SCHNADER HARRISON SEGAL & LEWIS LLP

PHDATA 1377025_1

MCELROY, DEUTSCH, MULVANEY & CARPENTER, LLP
ATTORNEYS AT LAW

THREE GATEWAY CENTER
100 MULBERRY STREET
NEWARK, NEW JERSEY 07102-4079
(973) 622-7711
FACSIMILE (973) 622-5314

LOIS H. GOODMAN
Direct Dial: (973) 565-2079
E-mail: lgoodman@mdmc-law.com

August 1, 2006

VIA E-MAIL AND FIRST CLASS MAIL

Stephen J. Shapiro, Esq.
Schnader Harrison Segal & Lewis LLP
Suite 3600, 1600 Market Street
Philadelphia, Pennsylvania 19103-7286

Re: In Re: Student Finance Corporation
Charles A. Stanziale, Jr., Chapter 7 Trustee of Student Finance Corporation vs. Pepper Hamilton LLP, et al.
Civil Action Number: 04-1551 (JJF)

Dear Steve:

We are in receipt of your July 5, 2006 letter regarding your request for the Trustee's correspondence with Royal. Your letter makes clear that you are seeking correspondence between counsel with regard to the conduct of the various pending litigation matters. The Trustee continues to object to your requests.

As set forth in my letter dated June 20, 2006, we do not believe that a party's litigation file, including correspondence with other counsel, is properly the subject of discovery. With regard to the specific issue of allowance of Royal's proof of claim addressed in your letter, as you know, the Trustee was engaged in litigation with Royal early in the SFC bankruptcy, and that litigation was settled. The settlement provides, among other things, for the allowance of Royal's unsecured pre-petition claim against the estate. The terms of the settlement were filed as part of the application to approve the settlement, and are therefore part of the bankruptcy record. Those documents are available to you through the Pacer system.

The Trustee objects to any further inquiry with regard to his (or his counsel's) communications with Royal or the Sonnenschein firm. Not only are the communications irrelevant, and not likely to lead to the discovery of admissible evidence, but they are privileged and work product, protected pursuant to the joint litigation agreement between Royal and the Trustee. Pepper has no right to delve into these attorney communications as part of discovery.

Accordingly, the Trustee will not produce his counsel's communications with Royal or Royal's counsel in this matter.

Very truly yours,

MCELROY, DEUTSCH. MULVANEY & CARPENTER, LLP

Lois H. Goodman

LHG:dc
cc: Neil G. Epstein, Esq. (Via E-Mail and First Class Mail)

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

Civil Action No.: 04-1551(JJF)

In re:
STUDENT FINANCE CORPORATION,

Debtor.

CHARLES A. STANZIALE, JR., CHAPTER 7 TRUSTEE OF STUDENT FINANCE CORPORATION,

Plaintiff,

v.

PEPPER HAMILTON LLP, et al.

Defendants.

CHARLES A. STANZIALE, JR., CHAPTER 7 TRUSTEE OF STUDENT FINANCE CORPORATION'S RESPONSES TO DEFENDANT PEPPER HAMILTON LLP'S SECOND SET OF REQUESTS FOR THE PRODUCTION OF DOCUMENTS

Pursuant to Rule 34 of the Federal Rules of Civil Procedure, Plaintiff Charles A. Stanziale, Jr., Chapter 7 Trustee of Student Finance Corporation ("Trustee"), hereby responds to Defendant Pepper Hamilton, LLP's ("Pepper") Second Set of Requests for the Production of Documents as follows:

I. GENERAL OBJECTIONS

The Trustee objects to each request, definition and/or instruction propounded by Pepper to the extent that:

(1) It requests information that is neither relevant to the subject matter involved in this action nor reasonably calculated to lead to the discovery of admissible evidence;

(2) It is overly broad and any attempt to respond would be unduly burdensome, expensive, harassing and oppressive;

(3) It seeks information which Pepper already possesses, or has equal access to;

(4) It seeks information which is protected by the attorney-client privilege, work product privilege, or which is otherwise protected against or privileged from disclosure by law or rule of court;

(5) It seeks information regarding confidential commercial, trade secret or other proprietary information;

(6) It seeks information for an unreasonable and irrelevant period of time;

(7) It seeks information from persons other than the Trustee and/or information concerning transactions or matters other than the alleged transactions or matters that are the subject of the Complaint or any defenses to the claims set forth therein;

(8) It is vague and ambiguous and incapable of a response as phrased; and

(9) It seeks information available from public records.

All responses set forth herein are made subject to and incorporating the foregoing objections and without in any way waiving or intending to waive, but to the contrary, intending to preserve and preserving:

(1) All questions as to competency, materiality, relevancy, privilege and admissibility as evidence for any purpose in any subsequent proceeding or the trial of this or any other action;

(2) The right to object on any ground to the use of any of these answers, or the subject matter thereof, in any subsequent proceeding or the trial of this or any other action; and

(3) The right to supplement and/or amend these responses based upon the recollection of persons presently unavailable or the discovery of additional documents and the adducement of deposition and documentary information during discovery, and after a thorough review of the materials which may contain documents potentially responsive to certain of these requests.

McElroy, Deutsch, Mulvaney & Carpenter, LLP
Attorneys for Plaintiff

BY: ______________________
MICHAEL S. WATERS
A Member of the Firm

Dated: July 19, 2006

RESPONSES TO REQUESTS FOR THE PRODUCTION OF DOCUMENTS

11. All engagement letters, retainer letters and fee agreements between the Trustee and McElroy.

Response:

The Trustee objects to Request Number 11 as seeking information that is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence. The Trustee further objects to the Request in that it appears calculated solely to harass the Trustee. Without waiving his objections, the Trustee responds that there is no written engagement letter, retainer letter or fee agreement between the Trustee and McElroy with regard to the Trustee's retention of McElroy in this matter, other than the substitution of counsel pursuant to which McElroy replaced the firm of Dilworth Paxson LLP as counsel for the Trustee.

12. All documents that constitute, memorialize, refer or relate to the compensation that McElroy has received or may be entitled to receive in connection with its representation of the Trustee.

Response:

The Trustee objects to Request Number 12 as seeking information that is not related to this litigation and is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence. The Trustee further objects to the Request in that it appears calculated solely to harass the Trustee. Without waiving his objections, the Trustee responds that any compensation received by McElroy with regard to its representation of the Trustee in this litigation has been the subject of filed fee applications, which are available to the public through the Pacer system.

13. All documents that discuss or reflect any relationship between the fees received by McElroy from the Trustee on the compensation of Charles A. Stanziale, Jr., in his capacity "of counsel" to McElroy.

Response:

The Trustee objects to Request Number 13 as seeking information that is not related to this litigation and is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence. The Trustee further objects to the Request in that it appears calculated solely to harass the Trustee.

14. All documents that identify or establish the effect of the fees received from the Trustee on the compensation of Charles A. Stanziale, Jr., in his capacity "of counsel" to McElroy.

Response:

The Trustee objects to Request Number 14 as seeking information that is not related to this litigation and is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence. The Trustee further objects to the Request in that it appears calculated solely to harass the Trustee.

15. All documents that set forth, describe, refer or relate to any consideration or evaluation of the business or fees received or anticipated to be received from the Trustee, at or about the time at which Charles A. Stanziale, Jr., joined McElroy.

Response:

The Trustee objects to Request Number 15 as seeking information that is not related to this litigation and is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence. The Trustee further objects to the Request in that it appears calculated solely to harass the Trustee.

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

In re: STUDENT FINANCE CORPORATION,	:	**Civil Action No.: 04-1551(JJF)**
Debtor.	:	
CHARLES A. STANZIALE, JR., CHAPTER 7 TRUSTEE OF STUDENT FINANCE CORPORATION,	:	
Plaintiff,	:	
v.	:	
PEPPER HAMILTON LLP, et al.	:	
Defendants.	:	

SECOND REQUEST FOR PRODUCTION OF DOCUMENTS OF CHARLES A. STANZIALE, JR., CHAPTER 7 TRUSTEE OF STUDENT FINANCE CORPORATION DIRECTED TO PEPPER HAMILTON LLP

TO: Stephen J. Shapiro, Esq.
Schnader Harrison Segal & Lewis LLP
Suite 3600, 1600 Market Street
Philadelphia, Pennsylvania 19103-7286

Pursuant to Rules 26 and 34 of the Federal Rules of Civil Procedure, Charles A. Stanziale, Jr., Chapter 7 Trustee of Student Finance Corporation (the "Trustee"), hereby demands that Pepper Hamilton LLP produce the requested documents for inspection and copying at the offices of

McElroy, Deutsch, Mulvaney & Carpenter LLP, 3 Gateway Center, 100 Mulberry Street, Newark, New Jersey 07102, by June 6, 2006.

McElroy, Deutsch, Mulvaney & Carpenter, LLP
Attorneys for Plaintiff

BY: ______________________
MICHAEL S. WATERS
A Member of the Firm

Dated: May 8, 2006

DEFINITIONS

1. "You" and "Your" means Pepper Hamilton LLP and/or W. Roderick Gagné.

2. "Pepper" shall mean Pepper Hamilton LLP and its current or former directors, officers, partners, members, employees, agents, representatives and attorneys, and each person acting on its behalf or under its control, and any parent, subsidiary, predecessor or affiliated corporation, that have possession of, custody of, control of, knowledge of, or responsibility for any document or information called for by these discovery requests.

3. "All" and "any" shall mean "any and all."

4. "And" and "or" are used interchangeably and must be interpreted both conjunctively and disjunctively to ensure the broadest disclosure of information, and shall not be interpreted to exclude any information otherwise within the scope of any request.

5. "Communicate" or "communication" shall mean oral, written or any other exchange of words, thoughts or ideas to another person or entity, whether person to person, in a group, in a meeting, by telephone, by, without limitation, letter, telex, electronic mail (e-mail or instant messaging), letter, note, memorandum, interoffice correspondence, voicemail, cable communicating data processor or facsimile or by any other process, electronic or otherwise. All written communications shall include, without limitation, printed, typed, handwritten or other readable documents as defined herein.

6. "Amended Complaint" shall mean the Amended Complaint filed by the Trustee, presently pending in the United States District Court for the District of Delaware, Case No. 04-1551 (JJF).

7. “Concern," "concerns," or "concerning" means to have to do with, relating to, referring to or evidencing.

8. “Defendants” or “Defendant” shall mean each defendant in the proceeding identified in the above caption in which you are named as a defendant. The term shall also include your principals, owners, officers, directors, partners, shareholders, stockholders, associates, affiliates, employees, subsidiaries, divisions, successors, and predecessors, and all persons or entities acting or purporting to act on its behalf, whether authorized to do so or not, that have possession of, custody of, control of, knowledge of, or responsibility for any information or document called for by these discovery requests.

9. “Document" or "documents" is used in its broadest sense and shall mean and include all written, printed, typed, recorded, or graphic data or matter of every kind and description, both originals and copies, and all attachments and appendices thereto. The terms "document" and "documents" shall include, without limitation, all agreements, contracts, communications, correspondence, letters, telegrams, telexes, messages, e-mail, memoranda, records, reports, books, summaries or other records of telephone conversations or interviews, summaries or other records of personal conversations, minutes or summaries or other records of meetings and conferences, summaries or other records of negotiations, diaries, diary entries, calendars, appointment books, visitor records, time records, instructions, work assignments, forecasts, statistical data, statistical statements, worksheets, work papers, drafts, graphs, maps, charts, tables, analytical records, consultants' reports, appraisals, notes, marginal notations, notebooks, statements, lists, recommendations, files, printouts, compilations, tabulations, confirmations, analyses, studies,

surveys, transcripts of hearings, transcripts of testimony, microfilm, microfiche, articles, speeches, tape or disk recordings, sound recordings, video recordings, film, tape, photographs, data compilations from which information can be obtained (including matter used in data processing) and any other printed, written, handwritten, typewritten, recorded, stenographic, computer-generated, computer-stored, or electronically stored matter, however and by whomever produced, prepared, reproduced, disseminated or made. All requests for documents herein shall include a request for all copies of the documents including all versions of any documents existing on Pepper or Gagné's document management system.

10. "Electronic data" shall mean all information maintained by electronic data processing systems, including, but not limited to, computer programs, programming notes, or instructions, input and/or output used or produced by any software program or utility, electronic spreadsheets, databases including all records and fields and structural information, charts, graphs, outlines, operating systems, source code of all types, programming languages, any and all information stored on computer memories, hard disks, floppy disks, CD-ROM drives, magnetic tape of all types, micro-fiche, computer chips, including but not limited to, EPROM, PROM, RAM, and ROM, or on or in any other vehicle for digital data storage and/or transmittal.

11. "Family Defendants" shall mean the following: Robert L. Bast; Pamela Bashore Gagné; W. Roderick Gagné, Trustee of Trust Under Deed of Elizabeth B. Brennan Dated January 12, 1994; W. Roderick Gagné, Trustee of Trust Under Deed Of Elizabeth B. Brennan Dated January 12, 1994, fbo W. Roderick Gagné; W. Roderick Gagné, Trustee of Trust Under Deed of Elizabeth B. Brennan Dated January 12, 1994, fbo Phillip B. Gagné; W. Roderick Gagné, Trustee of Trust

Under Deed of Elizabeth B. Brennan Dated January 12, 1994, fbo Elizabeth L. Gagné; W. Roderick Gagné, Trustee of Trust Under Deed of James T. Brennan Dated April 8, 1991, fbo W. Roderick Gagné; W. Roderick Gagné, Trustee of Trust Under Deed of James T. Brennan Dated April 8, 1991, fbo Phillip B. Gagné; and W. Roderick Gagné, Trustee of Trust Under Deed of James T. Brennan Dated April 8, 1991, fbo Elizabeth L. Gagné.

12. "Gagné" shall mean W. Roderick Gagné, including his agents, representatives, and all other persons or entities acting or purporting to act on his behalf, whether authorized to do so or not, including any consultants, brokers, or attorneys.

13. "Person" or "persons" as used herein shall include natural persons, firms, associations, corporations, partnerships, or other entities, and whenever a request is made herein for the name of a person, it is the intention that the answer shall also state his or its address.

14. The terms "related to" or "relating to" shall mean analyzing, addressing, concerning, consisting of, regarding, referring to, refuting, discussing, describing, evidencing, constituting, compromising, containing, setting forth, showing, disclosing, explaining, summarizing, memorializing, reflecting, commenting on, having to do with, relating to, or otherwise having any logical or factual connection with the subject matter of the document request. All the terms included in the definition of "related to" and any of their derivations are themselves used synonymously with "pertain to" when used in this request.

15. "Royal" shall mean Royal Indemnity Company, and its current or former directors, officers, employees, agents and attorneys, each person acting on its behalf or under its control, and any parent, subsidiary, predecessor or affiliated corporation.

16. "SFC" shall mean Student Finance Corporation, Student Marketing Services, LLC ("SMS"), Student Loan Servicing, LLC ("SLS"), SFC Financial I, LLC, SFC Financial II, LLC, SFC Acceptance I, SFC Acceptance II, SFC Acceptance III, SFC Acceptance IV, SFC Acceptance V, SFC Acceptance VI, SFC Acceptance VII, SFC Acceptance VIII, SFC Acceptance IX, SFC Grantor Trust, Series 2000-1, SFC Grantor Trust, Series 2000-2, SFC Grantor Trust, Series 2000-3, SFC Grantor Trust, Series 2000-4, SFC Grantor Trust, Series 2001-1, SFC Grantor Trust, Series 2001-2, SFC Grantor Trust, Series 2001-3, and SFC Owner Trust 2001A-1, and their principals, owners, officers, directors, partners, stockholders, shareholders, associates, employees, staff members, agents, representatives, attorneys, subsidiaries, affiliates, divisions, successors or predecessors.

17. "Yao" shall mean Andrew N. Yao, including his agents, representatives, assigns, and all other persons or entities acting or purporting to act on his behalf, whether authorized to do so or not, including any consultants, brokers, or attorneys.

INSTRUCTIONS

When producing a requested document or file, indicate in an appropriate manner to which of these specific document requests the document or file applies. In the alternative, produce responsive documents as they are kept in the ordinary course of business.

With respect to any information and to each document called for by these requests that you contend is protected by any privilege, work product doctrine, or other exemption from discovery, provide a privilege log in accordance with Federal Rule of Civil Procedure 26(b)(5).

When a document contains both privileged and non-privileged material, the non-privileged material must be disclosed to the fullest extent possible without thereby disclosing the purportedly privileged material. If a privilege is asserted with regard to part of the material contained in a document, the party claiming the privilege must clearly indicate the portions as to which the privilege is claimed. When a document has been redacted or altered in any fashion, identify as to each document the reason for the redaction or alteration. Any redaction must be clearly visible on the redacted document.

To the extent that you believe that any of these requests are objectionable, produce all documents responsive to that portion of the request that are not objectionable to you, and separately state the portion of each request to which you object and the grounds for the objection.

Unless otherwise indicated, these requests call for the production of documents concerning the period of January 1, 1998, through the present.

The specificity of any request herein shall not be construed to limit the generality or scope of any other request herein.

The terms “and” and “or” shall be construed either disjunctively or conjunctively so as to bring within the scope of these requests all documents which might otherwise be construed to be outside their scope.

The singular form of any noun or pronoun includes the plural, and vice versa.

The masculine form of any noun or pronoun includes the feminine, and vice versa. The masculine or feminine form of any noun or pronoun includes the neuter and vice versa.

These requests are continuing and require further and prompt supplemental responses in accordance with Federal Rule of Civil Procedure 26(e) whenever you acquire or discover additional responsive information between the time the initial responses are made and the conclusion of the trial of this action.

DOCUMENT REQUESTS

1. Each and every document on which Pepper relies in asserting any affirmative defense to the Amended Complaint and each and every document which sets forth or refers to facts on which any affirmative defense to the Amended Complaint is based.

2. Documents sufficient to identify and establish the effect of the fees received from SFC on the compensation paid to Roderick Gagne by Pepper Hamilton.

3. Each and every document which sets forth, describes, relates or refers to any consideration, evaluation or reference to the business or fees received or anticipated to be received from SFC and Yao, at or about the time at which Roderick Gagne joined Pepper Hamilton.

4. All documents which show all or part of the results, including the results in electronic form, of all conflict searches run by Pepper Hamilton with respect to SFC and the Family Defendants.

5. Documents sufficient to establish the nature of each of Pepper Hamilton's engagements to perform services for Yao, Lore Yao, and the Family Defendants.

6. Each and every brochure, advertisement or other literature prepared or distributed by Pepper Hamilton or by anyone on its behalf which includes a description or reference to the business of SFC or the work that Pepper Hamilton did for SFC.

7. Each and every brochure, advertisement or other literature prepared or distributed by Pepper Hamilton or by anyone on its behalf, which includes a description of or reference to Pepper Hamilton's experience and capabilities regarding securitized financing.

8. The entire Attorneys' Manual for each year in which Roderick Gagne was an attorney at Pepper Hamilton.

9. The entire Employees' Manual for each year in which Maria DeCarlo was an employee at Pepper Hamilton.

10. All documents filed or submitted to the Court on behalf of Pepper Hamilton in the matter Executive Risk Indemnity, Inc. v. Pepper Hamilton LLP, et al., Index Number 05603624, redacted to eliminate any reference to settlement or settlement negotiations.

11. Each and every document in which anyone with management responsibility at Pepper Hamilton evaluated, reviewed or critiqued the work done by Pepper Hamilton attorneys for SFC.

12. Each and every document referring to or considering Pepper Hamilton's withdrawal or possible withdrawal from representation of SFC.

13. Each and every document evaluating or considering the possibility of a claim against Pepper Hamilton arising out of its representation of SFC, Yao, or the Family Defendants.

14. Each and every document submitted to any government agency or authority regarding Yao or Gagne.

15. All documents, including, without limitation, notes, minutes, memoranda and e-mails, prepared, sent or received by any member of Pepper Hamilton's Professional Responsibility Committee referring or relating to Gagne, SFC, Yao or the Family Defendants.

16. All documents, including, without limitation, notes, minutes, memoranda and e-mails, prepared, sent or received by any member of Pepper Hamilton's Finance Committee referring or relating to Gagne, SFC, Yao or the Family Defendants.

17. All documents, including, without limitation, notes, minutes, memoranda and e-mails, prepared, sent or received by any Pepper Hamilton committee or partner, performing the function of an executive or management committee or managing partner, referring or relating to Gagne, SFC, Yao or the Family Defendants.

Schnader
ATTORNEYS AT LAW

1600 MARKET STREET SUITE 3600
PHILADELPHIA, PA 19103-7286
215.751.2000 FAX 215.751.2205 schnader.com

August 17, 2006

Stephen J. Shapiro
Direct Dial 215-751-2259
E-mail: sshapiro@schnader.com

VIA E-MAIL AND FIRST CLASS MAIL

Michael S. Waters, Esquire
McElroy, Deutsch, Mulvaney
& Carpenter, LLP
Three Gateway Center
100 Mulberry Street
Newark, New Jersey 07102

RE: *Royal Indemnity Company v. Pepper Hamilton LLP, et al.*, No. 05-165 (D. Del.)
***Stanziale v. Pepper Hamilton LLP, et al.*, No. 04-1551 (D. Del.)**

Dear Mike:

We write regarding several improper objections asserted by the Trustee in his responses to Pepper's second set of document requests.

In its second set of requests for production, Pepper requested documents that refer or relate to the impact that McElroy's representation of the Trustee has had or may have on the compensation of Charles A. Stanziale, Jr. (*see* Request Nos. 13-14), or that refer or relate to any consideration that McElroy gave to the fees it would receive in connection with its representation of the estate of SFC at the time Mr. Stanziale joined the firm (*see* Request Nos. 15). The Trustee objected to all three requests on the grounds that they are irrelevant and calculated solely to harass the Trustee and refused to produce responsive documents. The Trustee's objections lack merit.

Throughout his Amended Complaint, the Trustee alleges that the Pepper Defendants were motivated to disregard their professional obligations and duties to their client, SFC, in order to protect their own financial interests. *See, e.g.*, Am. Compl. ¶¶ 169, 227, 265. Presumably in connection with those allegations, the Trustee, in his second set of document requests, asked the Pepper Defendants to produce precisely the same type of documents at issue here – documents that would establish the impact of Pepper's representation on Gagné's compensation or documents created by Pepper at the time Gagné joined the firm relating to any analysis of the fees Pepper might receive from SFC (*see* Request Nos. 2-3).

If the Trustee intends to take the position at trial that evidence relating to Gagné's compensation is relevant to show that he and Pepper did not live up to their obligations to SFC in order to protect their own economic interests, the Pepper Defendants are entitled to rebut that allegation by pointing out that the Trustee is operating under the same supposed conflict. The documents requested are directly relevant to that defense. In addition, the Pepper Defendants are entitled to evidence that will show how the funds Royal paid to the Trustee as part of the settlement agreement between the Trustee and Royal influence the compensation received by Mr. Stanziale and his law firm. If the Trustee is entitled to evidence to support his argument that the Pepper Defendants' professional judgment was clouded by the fact that they received compensation from their client, the Pepper Defendants are equally entitled to rebuttal evidence showing that Mr. Stanziale's judgment in settling with Royal – thereby allowing the $500 million claim against the estate that the Trustee is now attempting to recover – was similarly impaired.

Please let us know whether the Trustee will produce voluntarily the documents requested.

Sincerely,

Stephen J. Shapiro
For SCHNADER HARRISON SEGAL & LEWIS LLP

PHDATA 1387440_1

TONY MCKENZIE

09/28/2000 03:47 PM

To: BILL HIBBERD/CARM/ROYAL-SSD@ROYAL-HQ, David King/Farmington/OrionCapital@OrionCapital
cc: D SCHNEIDER/CARM/ROYAL-SSD@ROYAL-HQ
Subject: Student Loan Due Diligence

THE CONFERENCE CALL WILL BE AT 9:30. BILL & I WILL CALL DAVE KING.

Bill & Dave,

I have been thinking about what we want to do. I think Dave's questions from his review of the financial statements are good and we should go through them to decide how to phrase them with SFC. However, I think we need to get an understanding from SFC of how their "business model" is intended to work. Tied up in this idea is their forecast of when they expect the operation to make a profit. I also think we need to see SFC/Yao's model for the way the loan pools will develop.

By their business model, I mean where are they getting the cash to run the business. In the early stages of a loan portfolio's life, it does not generate enough excess cash after satisfying excess spread requirements, servicer fees, bank costs, etc, to support the loan making operation. I think this scenario will continue until the 50% limit is reached on the Excess Spread Reserve in the $75M policy and SFC begins to get distributions.

My thinking is the operation has to get its cash from the "Institutional Reserves", which make up the basis of our Experience Account. For 1999, I think we need to understand how much money was actually withheld from the schools for these reserves and what they did with the money. The financial statements seemed to indicate they borrowed $78.6M on the Whse lines (Sources &Uses) and payed $44.9M to the schools (P15 School Reserve Analysis), a difference of $33.7M. I have tried to account for this difference from info in the statements, but am coming up $4.0M short assuming what I have included is correct. I think we need to know what they expect to get from the $200M loans and where do they expect it to go. I guess the biggest numbers are how much of the Institutional/ School Reserves they feel they will need to pay in 2000 and 2001 and what they expect to be the defaults from both the $75m & $200M policies. This is where I think it would be helpful to see Yao's model. I have asked about it several times and have not yet got it. I have shared my model with them.

Hopefully this rambling makes some sense. I guess what I am saying is, I think SFC is running a kind of Ponzi scheme. They are using money, which should be held for tomorrow, to pay costs today and are hoping for fresh money coming in tomorrow until the securitizations finally start generating cash. My original model shows this would occur at the 5 year mark. My new, improved model shows this to be at 6 years.

I guess the question is, "Can they stay in business about one year after we add the last loan that we are going to ensure?".

Long winded as usual. Tony

ROY 105161